

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended.

Local Government Type <input type="checkbox"/> City <input checked="" type="checkbox"/> Township <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Government Name GILMORE TOWNSHIP	County BENZIE
Audit Date 3/31/05	Opinion Date 9/1/05	Date Accountant Report Submitted to State: 9/30/05	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- ☐ Yes ☒ No 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.
- ☐ Yes ☒ No 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).
- ☐ Yes ☒ No 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).
- ☐ Yes ☒ No 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.
- ☐ Yes ☒ No 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).
- ☐ Yes ☒ No 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.
- ☐ Yes ☒ No 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year).
- ☐ Yes ☒ No 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).
- ☐ Yes ☒ No 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).

We have enclosed the following:

	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.	✓		
Reports on individual federal financial assistance programs (program audits).			✓
Single Audit Reports (ASLGU).			✓

Certified Public Accountant (Firm Name)

WILSON WARD CPA FIRM

Street Address

PO BOX 205

City

INTERLOCHEN

State

MI

ZIP

49643

Accountant Signature

Wilson Ward CPA Firm

Date

9/30/05

TOWNSHIP OF GILMORE

BENZIE COUNTY, MICHIGAN

Audit Report

For Year Ended
March 31, 2005

Wilson, Ward CPA Firm
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Interlochen, MI 49643
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September 1, 2005

Supervisor
Gilmore Township
Elberta, Michigan

The primary purpose of this letter is to prepare, for management, information which delineates those items encountered during the audit which were either not related to the financial, internal control and compliance reports or were not material enough to comment on relative to them. However, these items might be significant when viewed from a management perspective or in the longer term. This letter is intended only for the use of management and any other parties not informed of these matters might misconstrue their meanings.

Our Responsibility under Generally Accepted Auditing Standards

Our responsibility, as described by professional standards, is to plan and perform our audit to obtain reasonable, but not absolute, assurance that the financial statements are free of material misstatement and are fairly presented in accordance with general accepted accounting principles. Because of the concept of reasonable assurance and because we did not perform a detailed examination of all transactions, there is a risk that material errors, irregularities, or illegal acts, including fraud and defalcations, may exist and not be detected by us.

As part of our audit, we considered the internal control structure of the Gilmore Township. Management has the responsibility for adopting sound accounting policies, for maintaining an adequate and effective system of accounts, for safeguarding assets and for maintaining the structure of the internal control system to help assure the proper recording of transactions. Our consideration of the system of internal control was solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control structure.

Significant Accounting Policies

Management has the responsibility for selection of appropriate accounting policies. In accordance with the terms of our engagement, we will advise management of the appropriateness of the accounting policies and their application. The significant accounting policies used by the Township of Gilmore are listed in Note 1. No new accounting policies were adopted and the application of existing policies was not changed during the fiscal year. We noted no transactions entered into Gilmore Township during the year that were both significant and unusual, and of which, under professional standards, we are required to inform you, of transactions for which there is a lack of authoritative guidance or consensus.

Management Judgements and Accounting Estimates

Some accounting estimates are utilized in financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. Our conclusions regarding the reasonableness of the estimates are based on reviewing and testing the historical data provided by management and using this data to compute the liability.

Significant Audit Adjustments

For purposes of this letter, professional standards define a significant audit adjustment as a proposed correction of the general purpose financial statements that, in our judgment, may not have been detected except through our auditing procedures. These adjustments may include those proposed by us but not recorded by the Gilmore Township that could potentially cause future financial statements to be materially misstated, even though we have concluded such adjustments are not material to the current financial statements. Our audit adjustments, individually and in the aggregate, have a significant effect on the financial reporting process.

The information was made available timely and in an organized manner by the clerk and treasurer.

Again, it is important to remember that this report is for information only and provided to management with the sole intent that it can be evaluated with the potential to improve management practices within the township. Thank you for the excellent condition of the records as well as the opportunity to work with Gilmore Township.

Sincerely,

A handwritten signature in black ink that reads "Wilson Ward CPA Firm". The signature is written in a cursive, flowing style.

Wilson, Ward CPA Firm

TOWNSHIP OF GILMORE
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INTRODUCTORY SECTION

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**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND
OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To the Gilmore Township Board
Elberta, Michigan

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Gilmore Township, Manistee County, Michigan, as of and for the year ended March 31, 2005, which collectively comprise the Gilmore Township's basic financial statements and have issued our report thereon dated September 1, 2005. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Gilmore Township's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Gilmore Township's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards. However, we noted certain matters that we reported to management of Gilmore Township in a separate letter dated September 1, 2005.

This report is intended solely for the information and use of the audit committee, management, township board, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Wilson Ward CPA Firm

Interlochen, MI
September 1, 2005

FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

To the Gilmore Township Board
Elberta, Michigan

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Gilmore Township, Benzie County, Michigan, as of and for the year ended March 31, 2005, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Gilmore Township's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Gilmore Township as of March 31, 2005, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America. In accordance with Government Auditing Standards, we have also issued our report dated September 1, 2005, on our consideration of the Gilmore Township's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in conjunction with this report in considering the results of our audit.

The management's discussion and analysis and budgetary comparison information is not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Gilmore Township's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, and statistical tables are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Wilson Ward CPA Firm

Interlochen, MI
September 1, 2005

Management's Discussion and Analysis

GILMORE TOWNSHIP

Using the Annual Report

This annual report consists of a series of financial statements. The Statement of Net Assets and the Statement of Activities provide information about the activities of the Township as a whole and present a longer-term view of the Township's finances. Fund financial statements tell how these services were financed in the short-term, as well as what remains for future spending. Fund financial statements also report the Township's operations in more detail than the government-wide financial statements.

The Township as a Whole

The Township's combined net assets increased 7% from a year ago; increasing from \$384,994 to \$412,351.

The Township's Funds

Our analysis of the Township's major funds begins on page following the entity wide financial statements. The fund financial statements provide detail information about the most significant funds, not the Township as a whole. The Township Board creates funds to help manage money for specific purposes as well as to show accountability for certain activities such as special property tax millages.

The General Fund pays for most of the Township's governmental services. The amount transferred to the General fund is supported by detailed calculation of the current year costs of the specific capital outlay approved by the Township Board. During the current year, there were no assets added to the General Fixed Assets.

General Fund Budgetary Highlights

Over the course of the year, the Township Board succeeded in staying within their allotted budget.

Economic Factors and Next Year's Budgets and Rates

The Township's budget for 2005-2006 is reflective of the Township's responsible plan for managing the Township's finances.

Contacting the Township's Management

This financial report is intended to provide our citizens and taxpayers with a general overview of the Township's finances and to show the Township's accountability for the money it receives. If you have questions about this report or need additional information we welcome you to contact the clerk at (231)-352-7201.

GILMORE TOWNSHIP
STATEMENT OF NET ASSETS
MARCH 31, 2005

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash, investments and cash equivalents	\$71,743	\$0	\$71,743
Receivables (net)	0	0	0
Prepaid Expenditures	0		0
Internal balances	0	0	0
Inventories			0
Capital Assets, net (Note 9)	0	0	0
Total Assets	<u>71,743</u>	<u>0</u>	<u>71,743</u>
LIABILITIES			
Accounts payable	(1)	0	(1)
Deferred revenue	0	0	0
Due to Other Agencies	0	0	0
Noncurrent liabilities (Note 2):			0
Due within one year	0	0	0
Due in more than one year	0	0	0
Total Liabilities	<u>(1)</u>	<u>0</u>	<u>(1)</u>
NET ASSETS			
Invested in capital assets, net of related debt	0		0
Restricted for:			
Capital projects			0
Debt Service		0	0
Unrestricted (deficit)	<u>71,743</u>	<u>0</u>	<u>71,743</u>
Total Net Assets	<u>71,743</u>	<u>0</u>	<u>71,743</u>
Total Liabilities and Net Assets	<u>\$71,743</u>	<u>\$0</u>	<u>\$71,743</u>

GILMORE TOWNSHIP
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED MARCH 31, 2005

Functions/Programs	Expenses	Charges for Services	Program Revenues Operating Grants and Contributions	Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Assets Primary Governmental Activities Business-type Activities	Total
Primary government						
Governmental activities:						
Legislative	\$6,814	\$0			(\$6,814)	(\$6,814)
General government	33,082	0			(33,082)	(33,082)
Public safety	0	0			0	0
Public works	16,086	0			(16,086)	(16,086)
Health and Welfare	0				0	0
Community and Economic Development	0				0	0
Recreation and Culture	2,601				(2,601)	(2,601)
Other	0				0	0
Interest on Long Term Debt	0				0	0
Total Governmental Activities	58,583	0	0	0	(58,583)	(58,583)
Business Type Activities						
Enterprise Funds	0	0			0	0
Total Primary Government	58,583	0	0	0	(58,583)	(58,583)

General revenues:

Taxes						
Property Taxes-general		36,716		0		36,716
Property Taxes-debt service		0				0
State-Shared Revenues		27,523		0		27,523
Unrestricted Investment Earnings		678				678
Franchise taxes		0				0
Contributions		0				0
Miscellaneous		3,767		0		3,767
Transfers		0		0		0
Total General Revenues-Special Items and Transfers		68,684		0		68,684
Changes in Net Assets		10,101		0		10,101
Net Assets - Beginning		61,641		0		61,641
Net Assets - Ending		\$71,742		\$0		\$71,742

THE FOOTNOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

GILMORE TOWNSHIP
BALANCE SHEET
GOVERNMENTAL FUNDS
MARCH 31, 2005

	General Fund	Other Non-major Funds	Total
ASSETS			
Cash, investments and cash equivalents	\$57,672	\$14,071	\$71,743
Receivables (net)	0	0	0
Prepaid Expenditures	0		0
Internal balances	0	0	0
Inventories			0
Capital Assets, net (Note 1)			0
Total Assets	<u>57,672</u>	<u>14,071</u>	<u>71,743</u>
LIABILITIES			
Accounts payable	0	(1)	(1)
Internal balances	0		
Accrued payables	0		
Deferred revenue	0	0	0
Noncurrent liabilities (Note 2):			0
Due within one year			0
Due in more than one year			0
Total Liabilities	<u>0</u>	<u>(1)</u>	<u>(1)</u>
NET ASSETS			
Invested in capital assets, net of related debt			
Restricted for:			
Capital projects			0
Debt Service			0
Unrestricted (deficit)	<u>57,671</u>	<u>14,071</u>	<u>71,743</u>
Total Net Assets	<u>57,671</u>	<u>14,071</u>	<u>71,743</u>
Total Liabilities and Net Assets	<u>\$57,671</u>	<u>\$14,070</u>	<u>\$71,742</u>

Amounts reported for Governmental Funds Balance Sheet are different because:

Balance per above		\$71,743
Add Capital Assets	0	
Less Long Term Debt	0	
Balance per Governmental Funds Balance Sheet		<u>\$71,743</u>

GILMORE TOWNSHIP
STATEMENT OF REVENUE, EXPENDITURES, AND
CHANGES IN FUND BALANCE - GOVERNMENTAL FUNDS
YEAR ENDED MARCH 31, 2005

	General Fund	Non-Major Governmental Funds	Total Governmental Funds
Revenues			
Taxes and Penalties	\$27,112	\$9,604	\$36,716
Licenses and Permits	0		0
Federal Grants			0
State Grants	27,523		27,523
Charges for Services	0	0	0
Fines and Forfeits			0
Interest and Rentals	637	41	678
Other Revenue	3,767	0	3,767
Total Revenues	59,038	9,645	68,684
Expenditures			
Current			
Legislative	6,814		6,814
General Government	33,082		33,082
Public Safety	0	0	0
Public Works	16,086	0	16,086
Health and Welfare			0
Recreation and Cultural	2,601		2,601
Other	0		0
Capital Outlay			0
Debt Service	0		0
Total Expenditures	58,583	0	58,583
Excess of Revenues Over (Under) Expenditures	456	9,645	10,101
Other Financing Sources (Uses)			
Transfers In	0	0	0
Transfers (Out)	0	0	0
Bond Proceeds	0	0	0
Total Other Financing Sources (Uses)	0	0	0
Excess of Revenue and Other Sources Over (Under) Expenditures and Other Uses	456	9,645	10,101
Fund Balance April 1, 2004	57,215	4,426	61,641
Fund Balance March 31, 2005	\$57,671	\$14,071	\$71,743

Amounts reported for governmental activities in the statement of activities are different because:

Net Change in Fund Balances - Total Governmental Funds	\$10,101
Governmental funds report capital outlays as expenditures; in the statement of activities these costs are allocated over their estimate useful lives as depreciation.	\$0
Repayment of bond interest is an expenditure in governmental funds, but not in the statement of activities.	0
Changes in compensated absences are recorded when earned.	0
Change in Net Assets of Governmental Activities	\$10,101

THE FOOTNOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

**TOWNSHIP OF GILMORE
FOOTNOTES TO FINANCIAL STATEMENTS**

1. Summary of Significant Accounting Policies

The accounting policies of the Township conform to generally accepted accounting principles as applicable to governmental units. The following is a summary of the significant accounting policies.

A. Reporting Entity

Gilmore Township is located on the Lake Michigan Shoreline in western Benzie County, Michigan. The Township is governed by an elected five member board. Services are provided to approximately 393 residents and include contracted fire protection and general community enrichment services. The criteria established for determining the various agencies and boards to be included in the Township's general purpose financial statements depends on the extent such agencies and boards are a part of, controlled by or dependent on the Township. The criterion used to determine the reporting entity, "is the ability to exercise oversight responsibility over such agencies by the governmental unit's elected officials."

B. Summary of Significant Accounting Policies

Basis of Presentation

The accounts of the government are organized and operated on the basis of funds and account groups. A fund is an independent fiscal and accounting entity with a self balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds are maintained consistent with legal and managerial requirements. Account groups are a reporting device to account for certain assets and liabilities of the governmental funds not recorded directly in those funds.

Basis of Accounting

Basis of Accounting refers to how revenue and expenditures or expenses are recognized in the account and reported in the financial statements. The basis of accounting, as required under generally accepted accounting principles, varies for each fund.

General, special revenue, debt service, capital projects and trust and agency funds should be accounted for using the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenue is recognized in the accounting period in which it becomes available and measurable. Expenditures are recognized in the accounting period in which the related fund liability is incurred, if measurable.

Enterprise funds should be accounted for using the accrual basis of accounting. Under the accrual basis of accounting, revenue is recognized in the accounting period in which it is earned and becomes measurable. Expenses are recognized in the accounting period incurred, if measurable.

The accounting policies of Gilmore Township conform to generally accepted accounting principles and include the following fund types

1. Government Fund Types use modified accrual basis and include -

The *general funds* account for fiscal resources in use for general types of operations. The general fund is a budgeted fund and any fund balances are considered as resources available for use. Revenues are derived primarily from property taxes and state and federal distributions, grants and other intergovernmental revenues.

The *special revenue funds* account for specific governmental revenues requiring separate accounting because of legal or regulatory provisions or administrative action. These funds are employed to maintain integrity for the various sources of fund.

The *capital projects funds* account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds and trust funds).

2. Fiduciary fund types include -

The *Trust and Agency Fund* is unbudgeted and accounts for activities within those areas wherein the township is operating in either a trust or agency status. These funds have no equity, assets are equal to liabilities, and do not include revenues and expenditures for general operations of the township.

3. Account Groups

Fixed Assets and Long Term Liabilities of the governmental fund types are normally accounted for through the *General Fixed Assets Account Group* and the *General Long Term Debt Account Group*, respectively.

Fixed assets other than those accounted for in the proprietary funds or trust funds are general fixed assets. General fixed assets are accounted for in the General Fixed Assets Account Group.

4. GASB 34

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities which rely, to a significant extent, on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment; and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenue.

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

Revenues and expenses are recognized on the accrual basis using the economic resources measurement focus. Based on Governmental Accounting Standards Board (GASB) Statement No. 20 *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that Use Proprietary Fund Accounting, as amended*, the Township has elected to apply the provisions of all relevant pronouncements of the Financial Accounting Standards Board (FASB), including those issued after November 30, 1989, that do not conflict with or contradict GASB pronouncements

C. Budgets and Budgetary Accounting

The general fund and enterprise fund types are under formal budgetary control. Budgets shown in the financial statements for these funds were prepared on a basis the same as the modified accrual basis used to reflect operations and include those amounts formally appropriated by the Township Board.

D. Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reported period. Actual results could differ from those estimates.

2. Excess of Expenditures over Appropriations

The local unit shall not incur expenditures in excess of appropriations. This also requires a disclosure of all such functional areas which exceeded budget. As such, a budgeted statement is included in the supplementary data portion of these financial statements. There are no material instances of noncompliance.

3. Financial Control of Funds

As authorized by Act 20, Public Act of 1943, as amended, states that the Township, by resolution may authorize its treasurer to invest surplus funds in the following manner:

1. Direct obligations of the United States or an agency or instrumentality of the United States.
2. In any account or depository which is a member of the F.D.I.C. or a savings and loan which is a member of the Federal Savings and Loan Insurance Corporation, or a credit union which is insured by the National Credit Union Administration.
3. Fifty percent of the funds may be invested in commercial paper rated at the time of purchase within the three highest classifications by not less than two standard rating agencies and which mature not more that 270 days following the date of purchase.
4. In United States Government of federal agency obligations repurchase agreements.
5. In bankers acceptances of the United States banks.
6. In mutual funds composed of investment vehicles which are legal for direct investment of local units of government in Michigan.

4. Cash and Investments

Deposits of the Township are as authorized by the Township Board. A summary of these accounts and amounts is included in the supplemental data section of this report. All funds of Gilmore Township have been invested in those depositories or investments as authorized by Michigan Compiled Laws Section 129.91. The balance sheet account for all funds includes all cash, investments and imprest (petty cash) funds.

In accordance with GASB Statement No. 3, risk disclosures must be made to indicate the amounts of cash insured or uninsured. A general summary of these assets is as follows:

	<u>Carrying Value</u>	<u>Bank Value</u>
Insured	\$ 55,083	\$ 55,083

The Township also has \$40,922 invested in certificates of deposit.

5. Pension Plan

The Township has no pension plan.

6. Changes in General Fixed Assets

General Fixed Assets usually are acquired for general township purposes and at the time of purchase were recorded as expenditures. Given the adopted capitalization level of \$5,000 the township has no assets for financial statement presentation purposes.

7. Compensated Absences and Post Employment Benefits

The Township does not pay for compensated absences.

8. Contingent Liabilities

There are no known contingent liabilities.

9. Risk Management

The township carries commercial insurance as a protection against risk.

10. Taxes receivable

Taxes receivable reflected in the general fund represent delinquent real property taxes and tax administration fees on delinquent real property taxes. Benzie County funds the delinquent tax roll by selling tax notes annually and distributing the proceeds to the governmental units currently. Accordingly, these delinquent taxes and related fees recorded as revenue in the current year.

SUPPLEMENTAL SECTION

WILSON, WARD CPA FIRM

P.O. Box 205
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Interlochen, MI 49643

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E-mail: wilson@wilsonward.com

To the Township Board
Township of Gilmore
Benzie County, MI

We have audited the combined financial statements of Township of Gilmore for the year ended March 31, 2005. Our audits were made for the purpose of forming an opinion on the combined financial statements taken as a whole. The accompanying schedules, as listed in the table of contents, are presented for purposes of the additional analysis and are not a required part of the combined financials statements. Such information has been subjected to the auditing procedures applied in the audits of the combined financial statements and, in our opinion, is fairly stated in all material respects in relation to the combined financial statements taken as a whole.

Wilson Ward CPA Firm

Interlochen, MI
September 1, 2005

General Fund

**Gilmore Township
Balance Sheet
General Fund**

As Of March 31, 2005

<u>Assets</u>	
Cash In Bank and Investments	\$57,672
Accounts Receivable	0
Taxes Receivable	0
Due From Other Agencies	0
Due From Other Funds	0
Total Assets	<u>\$57,672</u>
<u>Liabilities and Fund Balance</u>	
Liabilities	
Accounts Payable	\$0
Accrued Salaries & Wages	0
Deferred Revenue	0
Due To Other Funds	0
Compensated Absences	0
Total Liabilities	<u>0</u>
Fund Balance	
Reserved for Equipment Replacement	0
Unreserved	57,671
Total Fund Balance	<u>57,671</u>
Total Liabilities and Fund Balance	<u>\$57,671</u>

THE FOOTNOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

Gilmore Township
Statement of Revenues, Expenditures and Changes in Fund Balance
General Fund

For the Year Ended March 31, 2005

	General Fund March 31, 2005
<u>Revenue</u>	
Taxes	\$27,112
Admin Fees	0
Licenses and Permits	0
Charges for Services	0
Interest & Rentals	637
Other Revenues	3,767
Donations	0
State Shared Revenue	27,523
Cable Franchise Fees	0
Reimbursements	0
Total Revenues	<u>59,038</u>
<u>Expenditures</u>	
Current	
Legislative	6,814
General Government	33,082
Planning and Zoning	0
Public Works	16,086
Zonning Board	0
Other	2,601
Total Expenditures	<u>58,583</u>
Excess Revenue (Expenditures)	456
Operating Transfers In (out)	0
Fund Balance - Beginning of Year	57,215
Prior Period Adjustment	<u>0</u>
Fund Balance - End of Year	<u><u>\$57,671</u></u>

THE FOOTNOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

Gilmore Township
Statement of Revenues, Expenditures and Changes in Fund Balance-Budget Vs Actual
General Fund
For the Year Ended March 31, 2005

	Budget Beginning April 01, 2004	Budget Year Ended March 31, 2005	Actual Year Ended March 31, 2005	Variance Favorable (Unfavorable)
Revenue				
Current Property Taxes	\$0	\$0	\$27,112	\$27,112
Delinquent Tax	0	0	0	0
Penalties on Taxes	0	0	0	0
Admin Fees	0	0	0	0
Licenses and Permits	0	0	0	0
State Shared Revenues	0	0	27,523	27,523
Use Fees	0	0	0	0
Charge for Services	0	0	0	0
Earned Interest	0	0	637	637
Rents and Royalties	0	0	0	0
Franchise Fees	0	0	0	0
Reimbursements	0	0	0	0
Misc	0	0	3,767	3,767
Total Revenues	0	0	59,038	59,038
Expenditure				
Legislative				
Township Board:				
Salaries and Wages	905	905	829	76
Supplies and Maintenance	0	0	0	0
Professional Services	0	0	0	0
Mileage	0	0	0	0
Printing and Advertising	0	0	0	0
Recycling	1,594	1,594	1,594	0
Insurance and Bonds	1,200	1,721	1,721	0
Dues	325	422	422	0
Misc	2,682	5,107	2,249	2,858
Capital Outlay	0	0	0	0
Total Township Board	6,706	9,748	6,814	2,934
General Government:				
Township Supervisor:				
Salaries and Wages	3,875	3,875	3,875	(0)
Office Supplies	0	0	0	0
Misc	0	0	0	0
Mileage	0	0	0	0
Total Township Supervisor	\$3,875	\$3,875	\$3,875	(\$0)

THE FOOTNOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

Gilmore Township
Statement of Revenues, Expenditures and Changes in Fund Balance
General Fund

For the Year Ended March 31, 2005

	<u>Budget Beginning April 01, 2004</u>	<u>Budget Year Ended March 31, 2005</u>	<u>Actual Year Ended March 31, 2005</u>	<u>Variance Favorable (Unfavorable)</u>
Elections:				
Salaries and Wages	\$800	\$1,364	\$1,364	\$0
Office Supplies	200	671	671	0
Mileage	0	0	0	0
Misc	200	225	225	0
Capital Outlay	0	0	0	0
Total Elections	<u>1,200</u>	<u>2,260</u>	<u>2,260</u>	<u>0</u>
Legal:				
Professional Services	0	0	0	0
Total Legal	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Assessor:				
Contractual	7,308	7,308	7,308	0
Supplies	420	420	296	124
Mileage and Travel	175	180	180	0
Misc	325	325	158	168
Capital Outlay	0	0	0	0
Total Assessor	<u>8,228</u>	<u>8,233</u>	<u>7,941</u>	<u>292</u>
Clerk:				
Salaries and Wages	6,525	6,525	6,523	2
Office Supplies	200	200	157	43
Mileage	75	75	75	0
Capital Outlay	0	0	0	0
Misc	357	357	114	243
Total Clerk	<u>7,157</u>	<u>7,157</u>	<u>6,869</u>	<u>531</u>
Board of Review:				
Salaries	700	700	377	324
Supplies	0	0	0	
Education	0	0	0	
Misc	0	0	0	0
Total Board of Review	<u>\$700</u>	<u>\$700</u>	<u>\$377</u>	<u>\$324</u>

THE FOOTNOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

Gilmore Township
Statement of Revenues, Expenditures and Changes in Fund Balance
General Fund

For the Year Ended March 31, 2005

	Budget Beginning <u>April 01, 2004</u>	Budget Year Ended <u>March 31, 2005</u>	Actual Year Ended <u>March 31, 2005</u>	Variance Favorable (Unfavorable)
Treasurer:				
Salaries and Wages	\$8,758	\$8,998	\$8,764	\$235
Office Supplies	550	941	941	(0)
Telephone	0	0	0	0
Mileage	75	75	75	0
Misc	1,500	1,980	1,980	0
Capital Outlay	0	0	0	0
Printing	0	0	0	0
Total Treasurer	<u>10,883</u>	<u>11,994</u>	<u>11,760</u>	<u>234</u>
Township Hall and Grounds:				
Prof Services	0	0	0	0
Mileage	0	0	0	0
Insurance and Bonds	0	0	0	0
Public Utilities	0	0	0	0
Repairs	0	0	0	0
Capital Outlay	0	0	0	0
Misc.	0	0	0	0
Total Township Hall	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total General Government	\$32,043	\$34,218	\$33,082	\$1,671

THE FOOTNOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

Gilmore Township
Statement of Revenues, Expenditures and Changes in Fund Balance
General Fund

For the Year Ended March 31, 2005

	Budget Beginning April 01, 2004	Budget Year Ended March 31, 2005	Actual Year Ended March 31, 2004	Variance Favorable (Unfavorable)
Planning and Zoning:				
Salaries and Wages	\$0	\$0	\$0	\$0
Supplies	0	0	0	0
Mileage	0	0	0	0
Printing	0	0	0	0
Misc	0	0	0	0
Total Planning and Zoning	0	0	0	0
Planning and Zoning Admin:				
Salaries and Wages	0	0	0	0
Supplies	0	0	0	0
Mileage	0	0	0	0
Printing	0	0	0	0
Misc	0	0	0	0
Total Planning & Zoning Admin	0	0	0	0
Public Works:				
Fire Protection	10,386	10,436	10,398	38
Cemetery	5,015	5,781	5,688	93
Sewer	0	0	0	0
Misc	0	0	0	0
Total Public Works	15,401	16,217	16,086	131
Zoning Board of Appeals:				
Salaries	0	0	0	0
Misc	0	0	0	0
Total Zoning Board of Appeals	0	0	0	0
Other Expenses:				
Audit	0	0	0	0
Employee Benefits	0	0	2,601	(2,601)
Library	0	0	0	0
Contingency	0	0	0	0
Total Other Expenditures	0	0	2,601	(2,601)
Total Expenditures	54,150	60,184	58,583	2,136
OTHER FINANCING SOURCES				
Operating Transfers In(Out)			0	
Excess Revenue & Other Financing Uses Over (Under) Expenditures			456	
Fund Balance - Beginning of Year			57,215	
Fund Balance - End of Year			<u>\$57,671</u>	

THE FOOTNOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

Special Revenue Fund

**Gilmore Township
Balance Sheet
Road Fund**

As Of March 31, 2005

Assets

Cash In Bank	\$14,071
Certificate of Deposit	0
Taxes Receivable	0
Due from General Fund	0
Total Assets	<u>14,071</u>

Liabilities and Fund Balance

Liabilities	
Due to Improvement Fund	0
 Fund Balance	
Reserved for Equipment Replacement	0
Unreserved	14,071
Total Fund Balance	<u>14,071</u>
 Total Liabilities and Fund Balance	<u>\$14,071</u>

THE FOOTNOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

Gilmore Township
Statement of Revenues, Expenditures & Changes in Fund Balance
Road Fund

For The Year Ended March 31, 2005

<u>Revenues</u>	
Property Tax	\$9,604
Delinquent Tax	0
Interest	41
Other	0
Total Revenue	<u>9,645</u>
<u>Expenditures</u>	
Misc. Expenditures	0
Capital Expenditures	0
Total Expenditures	<u>0</u>
Excess Revenues (Expenditures)	9,645
Transfer In (Out)	<u>0</u>
Fund Balance - Beginning of Year	4,426
Fund Balance - End of Year	<u>\$14,071</u>

THE FOOTNOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS